



May 17, 2019

Mr. Conal McNamara, Director of Community Development
City of Whittier
13230 Penn Street
Whittier, CA 90602

Dear Mr. McNamara:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 3, 2019. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Whittier Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on January 21, 2019. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 17, 2019.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed:

- Item Nos. 6 and 78 – Property Maintenance costs in the amount of \$44,745. Finance continues to adjust Item No. 78; the Agency withdrew their request to Meet and Confer over these items. Therefore, of the requested amount of \$44,745, the excess \$21,945 requested for Item No. 78 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 125 and 126 – Tax Allocation Refunding Bonds (TABs), Series 2015A and Series 2015B debt service payments. Finance no longer denies these items. Finance previously denied a portion of the RPTTF amount requested because the debt service schedule provided did not support the Agency's total request. During the Meet and Confer, the Agency illustrated the additional RPTTF amounts of \$645,000 for Item No. 125 and \$297,500 for Item No. 126 were due to underfunding of the items in a previous ROPS period. As a result, Finance approves the amounts as requested on the ROPS as follows:

Item No.	Project Name/ Debt Obligation	RPTTF	Reserve Balances	Totals
125	TABs, Series 2015A	\$3,071,206	\$22,500	\$3,093,706
126	TABs, Series 2015B	\$1,370,775	\$5,000	\$1,375,775
Total		\$4,441,981	\$27,500	\$4,469,481

In addition, per Finance's letter dated April 3, 2019, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- Item No. 15 – Successor Administrative Cost in the requested amount of \$250,000. The Agency erroneously requested this amount in RPTTF. With Agency concurrence, Item No. 15 has been reclassified to Administrative RPTTF.

- Item No. 21 – City Sales Tax Loan (Marketplace) in the amount of \$1,717,757 is partially allowed. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Los Angeles County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2018-19 are zero and \$5,338,096, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 19-20 period is \$2,669,048.

However, the Agency is requesting loan repayments totaling \$2,861,160 for Item Nos. 17, 18, 19, and 21. Therefore of the \$1,717,757 requested, \$192,112 (\$2,861,160 – \$2,669,048) is not eligible for RPTTF. The Agency may be eligible for additional funding on subsequent ROPS.

- Item No. 68 – Whittwood Owner Participation Agreement in the amount of \$1,005,000 is partially allowed. The \$1,005,000 requested is the property tax increment and sales tax reimbursement estimate comprised of \$660,000 due in November 2019 and May 2020 (ROPS 19-20 period) and \$345,000 due November 2020 (ROPS 20-21 period). It is not necessary to fund this obligation beyond what is needed for the ROPS 19-20 period. Therefore, the excess \$345,000 requested to fund the November 2020 payment is ineligible for RPTTF funding on this ROPS. The Agency may request funding on the next ROPS.
- Item No. 119 – Demolition of Agency-owned property in the amount of \$75,000. Finance continues to deny this item as an enforceable obligation. The Agency contends demolition of the property is necessary due to the property's condition. It is our understanding there is no contract in place and the requirement to demolish the property is not tied to an existing enforceable obligation. Further, the cost associated with demolition is an improvement to property and is beyond routine maintenance and repairs associated with maintaining the property in the current condition. Therefore, this item is not an enforceable obligation and ineligible for RPTTF funding.
- Item No. 129 – Unfunded Pension Liability in the total outstanding amount of \$165,285 continues to be denied. It is our understanding the agreement is between the California Public Employees' Retirement System and the City; the former RDA is not a party to the contract. Therefore, this item is not an enforceable obligation of the Agency and the total outstanding amount of \$165,285 is ineligible for RPTTF funding.
- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our review, the Agency has approximately \$39,691 from Other Funds available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore with the Agency's concurrence, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 68 – Whittwood Owner Participation Agreement in the amount of \$660,000 is partially reclassified from RPTTF to Other Funds. This item does not require payment from property tax revenues and the Agency has \$39,691 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$620,309 and the use of Other Funds in the amount of \$39,691, totaling \$660,000.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,531,563 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Veronica Zalvidea, Lead Analyst, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Ben Pongetti, Development Project Manager, City of Whittier
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 6,900,128	\$ 2,504,745	\$ 9,404,873
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested	6,900,128	2,504,745	9,404,873
RPTTF Requested	6,900,128	2,504,745	9,404,873
<u>Adjustments</u>			
Item No. 15	(125,000)	(125,000)	(250,000)
Item No. 21	(192,112)	0	(192,112)
Item No. 68 **	(369,691)	(15,000)	(384,691)
Item No. 78	(21,945)	0	(21,945)
Item No. 119	(75,000)	0	(75,000)
Item No. 129	(165,285)	0	(165,285)
	(949,033)	(140,000)	(1,089,033)
RPTTF Authorized	5,951,095	2,364,745	8,315,840
Administrative RPTTF Requested	0	0	0
<u>Adjustment</u>			
Item No. 15	125,000	125,000	250,000
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Authorized for Obligations	6,076,095	2,489,745	8,565,840
Prior Period Adjustment	(34,277)	0	(34,277)
Total RPTTF Approved for Distribution	\$ 6,041,818	\$ 2,489,745	\$ 8,531,563

**Item No. 68 total adjustment of \$384,691 includes \$345,000 for amounts not owed until ROPS 20-21 plus \$39,691 based on a review of the Agency's cash balances.